

## Message Text

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43

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W  
----- 069828

R 100910Z APR 75  
FM AMEMBASSY PRAGUE  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 7878  
AMEMBASSY BERLIN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMEMBASSY SOFIA  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW

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COMMERCE FOR BEWT

VIENNA FOR USEWTC

E.O. 11652: N/A

TAGS: BEXP, ETRD, CZ

SUBJECT: APPROVAL OF DRAFT DECREE TO ALLOW FOREIGN FIRMS TO  
ESTABLISH OFFICES IN CZECHOSLOVAKIA

REF: PRAGUE 764 (NOTAL)

1. IN CONVERSATIONS WITH MEMBERS OF CODEL BINGHAM  
(APRIL 3-5), MFA OFFICIALS AND MINISTER OF FOREIGN  
TRADE BARCAK REVEALED THAT A NEW GOVERNMENT DECREE  
WAS IN THE FINAL STAGES OF DRAFTING WHICH WOULD ALLOW THE  
ESTABLISHMENT OF COMMERCIAL OFFICES BY FOREIGN FIRMS  
IN CZECHOSLOVAKIA (PRAGUE). ACCORDING TO BARCAK, NEW  
DECREE EITHER HAS OR SOON WILL BE APPROVED AND  
MADE PUBLIC. IT WILL APPLY AS WELL TO BANKS AS TO  
BUSINESS FIRMS. MINISTER BARCAK NOTED, HOWEVER, THAT  
SEVERE SHORTAGE OF OFFICE AND RESIDENTIAL SPACE IN  
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PRAGUE MAY FORCE A DELAY IN ACTUAL IMPLEMENTATION OF

NEW RULING; BUT HE SAID THAT SOLUTIONS WERE BEING SOUGHT FOR THIS PROBLEM, INCLUDING SOME CONSIDERATION TO IDEA OF "QUICK CONSTRUCTION" OF A TRADE CENTER IN PRAGUE. IF THE TRADE CENTER IDEA IS ADOPTED, THE ENTIRE CONTRACT WOULD BE AWARDED TO A WESTERN FIRM AS A TURN-KEY PROJECT.

2. ALTHOUGH FINAL TEXT NOT YET FORMULATED, IT APPEARS CZECHS WILL BE VERY SELECTIVE IN ACCREDITING FOREIGN FIRMS FOR OFFICE SPACE IN PRAGUE. FROM BARCAK'S REMARKS AND OTHERS WE CONCLUDE THAT PREFERENCE WILL BE GIVEN AT LEAST IN THE BEGINNING TO THOSE FIRMS WHOSE BUSINESS RELATIONSHIPS IN CZECHOSLOVAKIA ARE WELL-ESTABLISHED AND WHERE VOLUME OF BUSINESS SURPASSES SOME STIPULATED MINIMUM.

3. AMONG U.S. FIRMS NOW INTERESTED IN OPENING OFFICES IN PRAGUE ARE DOW CHEMICAL AND IBM. SOME SMALLER FIRMS HAVE ALSO EXPRESSED AN INTEREST, BUT WILL PROBABLY NOT FARE TOO WELL IN COMPETITION FOR OFFICE SPACE AGAINST LARGER FIRMS SUCH AS DOW AND IBM ONCE DECREE PUBLISHED. THE EMBASSY IS NOT YET AWARE OF ANY U.S. BANKS WHICH MIGHT HAVE AN INTEREST IN ESTABLISHING BANKING OFFICES HERE. WE WILL, OF COURSE, ACTIVELY SUPPORT APPLICATIONS OF ANY U.S. FIRMS INTERESTED IN OPENING COMMERCIAL OFFICES IN PRAGUE WHICH COME TO OUR ATTENTION.  
FRISBIE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, ESTABLISHMENT OF OFFICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PRAGUE00777  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750125-0108  
**From:** PRAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1975/newtext/t19750462/aaaacfls.tel  
**Line Count:** 90  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 PRAGUE 764  
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**Review Authority:** MorefiRH  
**Review Comment:** n/a  
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**TAGS:** BEXP, ETRD, CZ  
**To:** COM  
**Type:** TE  
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